

Medical Necessity Benefits Collaborative

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COLORADO

Department of Health Care
Policy & Financing

Our Mission

Improving health care access and outcomes for the **people** we serve while demonstrating sound stewardship of financial **resources**



What is the Benefits Collaborative Process?



Medical Necessity

Defining the Term

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Why the Department is Creating a Single Definition of Medical Necessity

Multiple definitions of Medical Necessity exist within Colorado Medicaid Volume 8 rule and within various Department contracts.

- Multiple definitions create unnecessary confusion
- Multiple definitions cause staff, clients, providers and others needless investigative work
- It is administratively burdensome to keep all definitions updated and consistent with one another
- It is difficult to hold vendors and providers to the same standard
- Creating a single definition is the right thing to do in terms of being transparent



What This Effort is Not

- This effort is not about taking anything away from anyone
- The creation of a single definition of Medical Necessity does not mean there is only one way to apply that definition.

Example: The definition states that medically necessary services must be clinically appropriate in terms of amount, scope and duration. However, what constitutes the clinically appropriate amount, scope and duration of services for a *particular* benefit (such as transplants or pediatric personal care services) may be outlined in federal rule or may be something we determine together in a Benefits Collaborative Process.



Medical Necessity Definitions:

***Let's look at two examples
currently found in Colorado
Medicaid Rule***



Program Integrity Definition, Section 8.076.1.8.

Medical necessity means a Medical Assistance program good or service that will, or is reasonably expected to prevent, diagnose, cure, correct, reduce, or ameliorate the pain and suffering, or the physical, mental, cognitive, or developmental effects of an illness, injury, or disability. It may also include a course of treatment that includes mere observation or no treatment at all. The good or service must be:

- i) Provided in accordance with generally accepted standards of medical practice in the United States;
- ii) Clinically appropriate in terms of type, frequency, extent, site, and duration;
- iii) Not primarily for the economic benefit of the provider or for the convenience of the client, caretaker, or provider; and
- iv) Performed in a cost effective and most appropriate setting required by the client's condition.



Program Integrity Definition is the Standard Definition

- Most sections of Colorado Medicaid Rule that reference the terms “medical necessity” or “medically necessary” refer back to the Program Integrity definition found in 10 C.C.R. 2505-10, Section 8.076.1.8.

Example: 8.200.3.A Physician services are reimbursable when the services are a benefit of Medicaid and meet the criteria of Medical Necessity as defined in 10 C.C.R. 2505-10, Section 8.076.1.8

- This is the definition that the Program Integrity Division applies when assessing claims for potential fraud and abuse
- This is the definition that the Department’s Utilization Management vendor uses to approve or deny services that require prior-authorization



Hospital Services Definition, Section 8.300.1

- The definition below is an example of an alternative definition of Medical Necessity found in rule that is similar to the Program Integrity definition, but not identical

Medically Necessary, or Medical Necessity, means a Medicaid service that will, or is reasonably expected to pre-vent, diagnose, cure, correct, reduce or ameliorate the pain and suffering, or the physical, mental, cognitive or develop-mental effects of an illness, injury, or disability; and for which there is no other equally effective or substantially less costly course of treatment suitable for the client's needs.



More on Multiple Definitions

- Additional alternative definitions of Medical Necessity exist under, for example, the Dental and EPSDT sections of rule.
- When the term “medical necessity” or “medically necessary” is used elsewhere in rule, without definition or citation, it is not clear to the reader which definition should be referenced.

Example: COUP rule 8.075.4 - Overutilization means the improper or excessive utilization of medical care and services that are not medically necessary.



Department Proposal

- Create a single, uniform definition of Medical Necessity that can be referenced throughout rule and that will live under the Program Integrity section of rule at 10 C.C.R. 2505-10, Section 8.076.1.8.
- Where medical necessity is mentioned elsewhere in rule, include citation back to the definition found at 8.076.1.8
- Uniform definition would be very similar to current Program Integrity definition.



Department Proposal

- Where the special nature of a program, benefit or service requires that the Medical Necessity definition in rule be expanded, a citation to the definition found at 8.076.1.8 would be followed by the additional criteria.

Example: 8.200.3.A - Physician services are reimbursable when the services are a benefit of Medicaid and meet the criteria of Medical Necessity as defined in 10 C.C.R. 2505-10, Section 8.076.1.8 and are provided by the appropriate provider specialty.



Proposed Uniform Definition

Medical necessity means a Medical Assistance program good or service that will, or is reasonably expected to prevent, diagnose, cure, correct, reduce, or ameliorate the pain and suffering, or the physical, mental, cognitive, or developmental effects of an illness, condition, injury, or disability. It may also include a course of treatment that includes mere observation or no treatment at all. A good or service is medically necessary only if:

- a) It is provided in accordance with generally accepted standards of medical practice in the United States; and
- b) It is clinically appropriate in terms of type, frequency, extent, site, and duration; and
- c) It is not primarily for the economic benefit of the provider or for the convenience of the client, caretaker, or provider; and
- d) There is no equally effective and less costly treatment option for the medical problem; and
- e) It is delivered in the most appropriate setting required by the client's condition; and
- f) It is not experimental or investigational.



Let's Compare the Current Definition to the Proposed Definition

Program Integrity Definition, Section 8.076.1.8.

Medical necessity means a Medical Assistance program good or service that will, or is reasonably expected to prevent, diagnose, cure, correct, reduce, or ameliorate the pain and suffering, or the physical, mental, cognitive, or developmental effects of an illness, injury, or disability. It may also include a course of treatment that includes mere observation or no treatment at all. The good or service must be:

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Discussion



Comparison of EPSDT Medical Necessity Definition to Newly Proposed Definition

Current EPSDT Medical Necessity Definition, 8.280.1

8.280.1 Medical Necessity means that a covered service shall be deemed a medical necessity or medically necessary if, in a manner consistent with accepted standards of medical practice, it:

1. Is found to be an equally effective treatment among other less conservative or more costly treatment options, and
2. Meets at least one of the following criteria:
 - a. The service will, or is reasonably expected to prevent or diagnose the onset of an illness, condition, primary disability, or secondary disability.
 - b. The service will, or is reasonably expected to cure, correct, reduce or ameliorate the physical, mental cognitive or developmental effects of an illness, injury or disability.
 - c. The service will, or is reasonably expected to reduce or ameliorate the pain or suffering caused by an illness, in-jury or disability.
 - d. The service will, or is reasonably expected to assist the individual to achieve or maintain maximum functional capacity in performing Activities of Daily Living.

Medical necessity may also be a course of treatment that includes mere observation or no treatment at all.

Other EPSDT Benefits, 8.280.4.E

Other health care services may include other EPSDT benefits if the need for such services is identified. The services are a benefit when they meet the following requirements:

1. The service is in accordance with generally accepted standards of medical practice.
2. The service is clinically appropriate in terms of type, frequency, extent, and duration.
3. The service provides a safe environment or situation for the child.
4. The service is not for the convenience of the caregiver.
5. The service is medically necessary.
6. The service is not experimental or investigational and is generally accepted by the medical community for the purpose stated.
7. The service is the least costly.

Proposed Uniform Definition

Medical necessity means a Medical Assistance program good or service that will, or is reasonably expected to prevent, diagnose, cure, correct, reduce, or ameliorate the pain and suffering, or the physical, mental, cognitive, or developmental effects of an illness, condition, injury, or disability. It may also include a course of treatment that includes mere observation or no treatment at all. A good or service is medically necessary only if:

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Comparison Continued

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 - b. The service will, or is reasonably expected to cure, correct, reduce or ameliorate the physical, mental cognitive or developmental effects of an illness, injury or disability.
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Thank You



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